

Message Text

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ORIGIN ARA-14

INFO OCT-01 EUR-12 ISO-00 SS-15 OES-07 EB-08 AID-05
OMB-01 TRSE-00 AGR-01 COME-00 XMB-02 OPIC-03
SNM-05 DEAE-00 CG-00 DOTE-00 DLOS-09 PM-05 NSC-05
SP-02 CIAE-00 INR-10 NSAE-00 DODE-00 L-03 /108 R

DRAFTED BY ARA/CAR:DPIERCE:KC
APPROVED BY P:UNDER SECRETARY D NEWSOM
S/AR:AMB. G ALDRICH (SUBS)
ARA:J BUSHNELL
P:T MILLER (DRAFT)
ARA/CAR:A HEWITT (DRAFT)
ARA:SASHELTON (DRAFT)
ARA/CCA:W SMITH (DRAFT)
OES:J STORER (DRAFT)

-----011848 031735Z /47

P R 031640Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY NASSAU PRIORITY
INFO AMEMBASSY BRIDGETOWN
AMEMBASSY LONDON

C O N F I D E N T I A L STATE 168173

E.O. 11652: GDS

TAGS: MARR, BF

SUBJECT: CALL BY BAHAMIAN MINEXTAFF ON UNDER SECRETARY
NEWSOM JUNE 22
REF: STATE 163327

1. IN 90 MINUTE 'TOUR D' HORIZONWITH UNDER SECRETARY
DAVID NEWSOMJUNE22, BAHAMIAN MINISTER OF EXTERNAL
AFFAIRS PAUL ADDERLEY DETAILED THE MIXED BLESSINGS THAT
COME TO A TINY STATE IN CLOSE PHYSICAL AND ECONOMIC
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PROXIMIY TO THE U.S. ADDERLEY'S WARM AND EXPANSIVE
MOOD MATCHED THE STATE OF US/BAHAMIAN RELATIONS HE
DESCRIBED -- A CLOSE COINCIDENCE OF INTERESTS MARRED
ONLY BY A FEW NAGGING PROBLEMS.

2. ECONOMIC ASSISTANCE

ADDERLEY REPEATED THE POINT HE MADE TN PRIVATE AND
PLENARY SESSIONS OF THE BAHAMAS MILITARY FACILITIES NEGO-
TIATIONS (REFTEL) THAT THE BAHAMAS IS ENTITLED TO BILATERAL
U.S. ECONOMIC ASSISTANCE. HE SAID THE BAHAMAS COULD NOT
QUALIFY FOR CONCESSIONAL ECONOMIC AID BECAUSE OF ITS DE-
CEPTIVELY HIGH PER CAPITA GNP CAUSED BY THE HIGH COST
OF FOOD AND OTHER IMPORTED NECESSITIES. THIS IN TURN

WAS A DIRECT RESULT OF PROXIMITY TO THE U.S. HE
SUGGESTED THAT THE BAHAMAS IS ENTITLED TO U.S.
ASSISTANCE BECAUSE OF THIS PROXIMITY AND BECAUSE
OF ACTIONS TAKEN BY THE U.S. THAT AS A SIDE EFFECT
HURT THE BAHAMAS.

3. ADDERLEY SAID HE HOPED THE BAHAMAS COULD QUALIFY
FOR AT LEAST NON-CONCESSIONAL LOANS AND CREDITS, SUCH
AS THOSE ADMINISTERED BY THE EXPORT-IMPORT BANK (EX-IM)
AND BY THE OVERSEAS PRIVATE INVESTMENT CORPORATION
(OPIC). THE UNDER SECRETARY EXPRESSED SYMPATHY THAT
THE BAHAMAS FOUND ITSELF "TOO RICH TO BE POOR AND TOO
POOR TO BE RICH,"BUTMADE NO REPEAT NO COMMENT ON THE
POSSIBILILY THAT THE BAHAMAS MIGHT QUALIFY FOR BILATERAL
U.S. ECONOMIC ASSISTANCE. ARA ACTING ASSISTANT SECRETARY
JOHN BUSHNELL POINTED OUT THE POTENTIAL BENEFITS TO THE
BAHAMAS FROM THE REGIONAL PROGRAMS THAT WOULD FLOW FROM
THE REGIONAL GROUP FOR CARIBBEAN DEVELOPMENT LED BY THE
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WORLD BANK.

4. TOURISM, CONVENTIONS, AND THE U.S. TAX LAWS

ADDERLEY STRESSED THE IMPORTANCE OF TOURISM TO THE
ECONOMY OF THE BAHAMAS. HE SAID THAT THE 1976 U.S. TAX
LAW LIMITING THE DEDUCTIBILITY OF EXPENSES FOR CONVENTIONS
OUTSIDE THE U.S. HAD COST THE BAHAMAS \$80 MILLION IN CAN-
CELLED CONVENTIONS IN 1977 AND THAT HE EXPECTED EVEN
WORSE LOSSES IN 1978 AND BEYOND IF THE PROPOSED REVISIONS
TO THE TAX LAW WENT INTO EFFECT. HE POINTED OUT THA
MOST OF THE MONEY TOURISM BRINGS TO THE BAHAMAS FINDS
ITS WAY BACK TO THE U.S. IN THE GOODS AND SERVICES
BAHAMIANs BUY THERE TO SUPPORT THEIR TOURIST INDUSTRY
AND IN THE MONEY SPENT BY BAHAMIAN VISITORS TO THE
U.S. HE SAID THAT, WITH A POPULATION OF ONLY 250,000,
THE BAHAMAS HAS FOR YEARS PROVIDED BETWEEN THE FIFTH
AND THE EIGHTH LARGEST NUMBER OF VISITORS TO THE U.S.
IN THE WORLD.

5. NARCOTICS CONTROL

ADDERLEY SAID THE FLOW OF NARCOTICS TO THE U.S. THROUGH THE BAHAMAS HAD INCREASED DRAMATICALLY IN THE LAST 18 MONTHS WITH A NUMBER OF SERIOUS IMPLICATIONS FOR THE BAHAMAS. HE PRAISED THE COOPERATION OF THE U.S. COAST GUARD AND THE U.S. CUSTOMS AND DRUG ENFORCEMENT OFFICIALS IN BAHAMIAN CONTROL EFFORTS AND SAID HE LOOKED FORWARD TO EVEN CLOSER COOPERATION.

6. CUBAN INTENTIONS

ADDERLEY EXPRESSED SERIOUS CONCERN ABOUT CUBAN INTENTIONS IN THE CARIBBEAN AND ASKED IF THE U.S. HAD ANY SPECIAL INFORMATION ON CUBAN OBJECTIVES. THE UNDER SECRETARY SAID HE THOUGHT THE CUBANS WERE PREOCCUPIED WITH AFRICA
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FOR THE TIME BEING AND THAT HE SAW NO INDICATIONS OF SERIOUS CUBAN INTERVENTION IN THE CARIBBEAN. CUBAN EFFORTS IN THE CARIBBEAN SEEMED AIMED AT BUILDING A POSITIVE IMAGE OF A FRIENDLY NEIGHBOR WHO WILL HELP WHEN ASKED RATHER THAN A REVOLUTIONARY PRESENCE BENT ON SUBVERTING EXISTING GOVERNMENTS.

7. MARITIME BOUNDARIES AND FISHERIES ISSUES

ADDERLEY TOUCHED BRIEFLY ON THE HISTORY OF THESE ISSUES, NOTING THAT HE HAD BEEN WILLING TO NEGOTIATE A MARITIME BOUNDARY IN 1974 BUT THAT THE U.S. WAS NOT PREPARED TO DO SO. HE SAID HE WAS STILL WILLING TO NEGOTIATE SUCH A BOUNDARY AND EXPECTED NEGOTIATIONS TO BEGIN SOME TIME LATER THIS YEAR. HE SAID - TONGUE IN CHEEK - THAT HE WAS ONLY FOLLOWING THE U.S. LEAD IN DECLARING SPINY LOBSTER A CREATURE OF THE (BAHAMIAN) CONTINENTAL SHELF BECAUSE THE U.S. HAD EARLIER DECLARED MAINE LOBSTER A CREATURE OF ITS CONTINENTAL SHELF. HE INDICATED THAT PROTECTION OF LOBSTER WAS VERY IMPORTANT POLITICALLY BECAUSE OF THE NUMBER OF BAHAMIAN LOBSTER FISHERMEN WHO CAN MAKE A GOOD LIVING FROM WHAT WOULD OTHERWISE BE AN OVERFISHED RESOURCE. VANCE

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